

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:112

ANSWERED ON:07.12.2015

Refinery Cost of Petroleum Products

Gaikwad Prof. Ravindra Vishwanath

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the refining cost of various oil products along with the basis on which the production cost of per litre petrol and diesel is estimated at present;
- (b) whether the production cost of various petroleum products is more in public sector refineries as compared to private sector refineries and if so, the reasons therefor; and
- (c) the steps taken/proposed to be taken by the Government to reduce the production cost of oil products in the public sector refineries?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS

(SHRI DHARMENDRA PRADHAN)

(a) to (c): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (c) of the Lok Sabha Starred Question No.112 asked by Prof. Ravindra Vishwanath Gaikwad to be answered on 7th December, 2015 regarding "Refinery Cost of Petroleum Products".

(a) & (b): Refining of crude oil is a process industry, where crude oil constitutes around 90% of the total cost. Crude oil is processed through several processing units. Each of these units produces intermediate products streams, which require further reprocessing and blending. As it is difficult to apportion the total cost amongst individual refined products, product-wise costs are not identified separately.

(c): The production cost of petroleum products mainly depends on refinery operating cost and freight cost. Operating Cost includes expenses incurred on chemicals & catalyst, Repair and Maintenance (R&M), establishment and other general administrative expenses. The measures for reduction in production cost are mainly directed towards monitoring and regulating the chemicals-consumption and R&M costs. Simultaneously, expert agencies of repute are also assigned on improvement measures, in the area of energy conservation and / or margin improvement.

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